

Legislative Commission on Pensions & Retirement

March 13, 1986 Meeting

8:00 A.M. - Room 118 State Capitol

MINUTES

Sen. Donald M. Moe, Chair, called the meeting in order to review all of the pension legislation that either passed one subcommittee or another for the purpose of coming to some agreements which will avoid a Conference Committee.

PRESENT: Senators Donald Moe, Earl Renneke, Allan Spear, Darril Wegscheid
Lawrence Pogemiller
Representatives Gil Gutknecht, Steve Sviggum

HF 1926/SF 1796 - State Board of Investment Bill

The state Board of Investment proposes to expand the group of investment options available to participants in the Minnesota Supplemental Investment Fund; new options to include Money Market Account and Guaranteed Return Account. Bill agreed to.

HF 2035/SF 2112 - Local Fire and Police Oversight Bill

The objective of the bill is to minimize the possibility of future mismanagement of police and firefighters relief associations by providing for stronger and standardized financial reporting and audit requirements and providing for greater oversight of relief associations. Amend to Senate bill.

An amendment relating to the volunteer firefighters to make it clear that the municipality has the responsibility to countersign. Rep. Gutknecht's amendment to HF 2035 will be amended to the Senate bill.

HF 229 (Dempsey; 1985 bill) Allows any member of MSRS, PERA, TRA, or the first class city teacher funds who qualify for the Rule of 85 within the present window period, which ends December 31, 1986, to work through June 30, 1987. HF 229 will be amended to the Senate file.

The delete everything amendment to HF 229 was approved as follows:

Section 1 (HF 229, Dempsey): Allows any member of MSRS, PERA, TRA, or first class city teacher funds who qualify for the Rule of 85 within the present window period to work through June 30, 1987.

Section 2 (Laws 1985, First Special Session, Chapter 7, Section 31, subdivision-2): Amends the dates of a special bill from 1985 concerning payment of voluntary assessments.

Section 3 (SF 1723, Dicklich): Benefit increase for surviving spouse or children of Buhl police relief association members.

Section 4 (SF 1785, D. J. Johnson): Benefit increase for Eveleth police and firefighters and their surviving spouses.

Section 5 (SF 1638, Lessard): Provides a refund of contributions or a deferred annuity after 5 years of service from PERA to employees of Falls nursing home which was taken over by private management.

Section 6 (SF 2264, Pehler): Purchase of prior service credit.

Section 7 and 8 (SF 2177, Belanger): Purchase of prior service credit.

Section 9 (SF 2208, Ramstad): Payment of voluntary assessment to restore high-five salary.

Section 10 (Effective dates)

Also added, amendment for the Andover Firefighters relief association to amend its bylaws. (see copy attached)

SF 707/HF 1007

The following provisions on SF 707 as approved by the Senate Governmental Operations Committee on March 7, 1986 and on HF 1007 as approved by the House Governmental Operations Committee were approved:

HF 2135 (Gutknecht/SF 1926 (Spear) provides health care benefits to older retirees of the Minneapolis Teachers Fund who do not qualify for Medicare.

Sen. Spear moved that the Commission accept the health care benefit provisions. Motion carried.

HF 1928/SF 1795 (D. Moe) Places the director of the state council on vocational education in the MSRS Unclassified Plan.

SF 2229 (D. Moe) Changes the eligibility requirements for the surviving spouse benefit for MSRS, PERA, PERA P&F, TRA, and first class city teacher funds from age 55 with 10 years of service to age 50 with 10 years of service, and allows the surviving spouse to begin receiving the annuity when the member would have turned age 55.

HF 1862 (K. Nelson)/SF 1709 (D. Moe): Payment of the 25 percent increase granted to pre-73 retirees in 1973-74 to pre-73 retirees who deferred retirement until after June 30, 1973.

TRA administrative changes.

HF 1007 (Knickerbocker): State University administrative employees added to the MSRS Unclassified plan.

Minneapolis Teachers Post Retirement Increases:

Harry Adams, Executive Secretary/Investment Manager, explained the Legislative Proposal: 1) eliminate automatic 1 1/2% annual increase; 2) create a contingent COLA from excess return over 8% assumptions; 3) restructure "13th check" to benefit the older and lower income retired teachers. (copy attached)

Howard Bicker, State Board of Investment, told the Commission that the Minneapolis Teachers proposal is based on total rate of return, not on realized income; the Minnesota plan benefit increases are whatever the fund earns.

Rep. Pogemiller moved that the House position to accept the Minneapolis Teachers proposal be accepted. Motion failed.

Sen. Moe stated that if the House concurs with the amendments, there will be no conference committee.

Eleanor Diebel
Staff Secretary

Wayne Simoneau
Commission Secretary